

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

|                                    |   |                                  |
|------------------------------------|---|----------------------------------|
|                                    | X |                                  |
|                                    | : |                                  |
| IN RE: REFCO SECURITIES LITIGATION | : | 07 MDL 1902 (JSR)                |
|                                    | : |                                  |
|                                    | X |                                  |
|                                    |   |                                  |
|                                    | X |                                  |
| KENNETH M. KRYSS, <i>et al.</i> ,  | : | 08 Civ. 7416 (JSR)               |
|                                    | : |                                  |
| Plaintiffs,                        | : |                                  |
|                                    | : |                                  |
| -against-                          | : |                                  |
|                                    | : |                                  |
| ROBERT AARON, <i>et al.</i> ,      | : | <b>REPORT AND</b>                |
|                                    | : | <b>RECOMMENDATION OF</b>         |
| Defendants.                        | : | <b>THE SPECIAL MASTER ON</b>     |
|                                    | : | <b>MOTION FOR DEFAULT</b>        |
|                                    | : | <b>JUDGMENT AGAINST</b>          |
| -against-                          | : | <b>THIRD-PARTY DEFENDANT</b>     |
|                                    | : | <b><u>CHRISTOPHER SUGRUE</u></b> |
|                                    | : |                                  |
| PATRINA KHOO FARQUHARSON, ANDREW   | : |                                  |
| FEIGHERY, and CHRISTOPHER SUGRUE,  | : |                                  |
|                                    | : |                                  |
| Third-Party Defendants.            | : |                                  |
|                                    | : |                                  |
|                                    | X |                                  |

Hedges, R.J., Special Master

Defendants/ and Third-Party Plaintiffs (“Plaintiffs”) have moved for the entry of default judgment against Third-Party Defendant Christopher Sugrue {“Sugrue”) pursuant to Rule 55(b)(2) of the Federal Rules of Civil Procedure.

**FINDINGS OF FACT**

Having considered the papers submitted in support of the motion, I find as follows:

1. Plaintiffs seek to recover \$263 million in damages, together with interest and costs, suffered by the SPhinX family of hedge funds, the lost business enterprise value and

deepening insolvency damages suffered by SPhinX's investment manager, PlusFunds Group, Inc., and damage suffered by SPhinX investors.

2. On August 15, 2011, Plaintiffs filed an Amended Answer, Affirmative Defenses, Counterclaims and Third-Party Complaint.

3. On October 6, 2011, this Court issued an Order Authorizing Service of Summons and Complaint on Sugrue pursuant to Rule 4(f)(3).

4. Pursuant to the October 6th Order, on October 11, 2011, Plaintiffs served on Sugrue true and accurate copies of the Amended Complaint, the Amended Answer, Affirmative Defenses, Counterclaims, and Third-Party Complaint, Summons and October 6th Order.

5. On November 3, 2011, Plaintiffs filed an Affidavit of Service indicating that the Document for Service were transmitted via electronic mail but did not reach Sugrue via Federal Express.

6. Sugrue has failed to answer, move, or otherwise respond to the Third-Party Complaint.

7. Jurisdiction was properly obtained over Sugrue by serving him with a copy of the Amended Answer, Affirmative Defenses, Counterclaim and Third-Party Complaint by electronic mail.

8. Sugrue is not an infant, in the military, or an incompetent person.

9. On December 2, 2011, Plaintiffs requested the entry of default against Sugrue and submitted a declaration in support thereof dated December 1, 2011.

10. A Clerk's Certificate of Default was executed by the Deputy Clerk of the Court on December 2, 2011, certifying, *inter alia*, that Sugrue had not answered or otherwise moved with regard to the Third-Party Complaint.

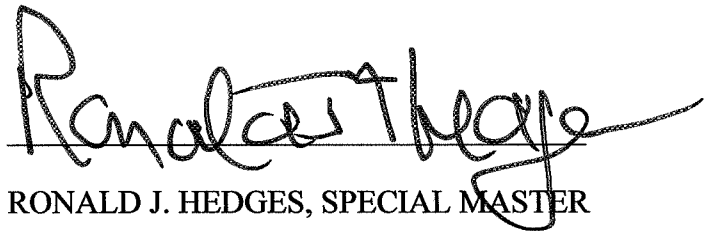
### CONCLUSIONS OF LAW

1. This is a motion for default judgment pursuant to Rule 55(b)(2).
2. Service of a copy of the Summons and Third-Party Complaint was made properly on Sugrue pursuant to the October 6, 2011 Order.

### CONCLUSION

Based on the above, IT IS RECOMMENDED that default judgment be entered against Sugrue pursuant to the Third-Party Complaint with the assessment of damages, costs, and interest awaiting the outcome of the remainder of the action.

Dated: January 27 2012  
Washington, D.C.

  
RONALD J. HEDGES, SPECIAL MASTER